



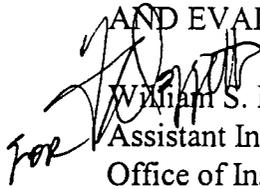
Department of Energy

Washington, DC 20585

January 10, 2003

MEMORANDUM FOR THE DIRECTOR, OFFICE OF MANAGEMENT, BUDGET AND EVALUATION/CHIEF FINANCIAL OFFICER

FROM:

For  William S. Maharay
Assistant Inspector General for Audit Services
Office of Inspector General

SUBJECT: Federal Managers' Financial Integrity Act Audit Report
Audit Report No.: OAS-L-03-05

We reviewed selected aspects of the Department of Energy's implementation of the Federal Managers' Financial Integrity Act (FMFIA) of 1982. The objective of the FMFIA, and the Department's Management Control Program, is to ensure that controls are working effectively and that programs and administrative functions are performed in an economic and efficient manner consistent with applicable laws.

In addition to our audit work in this area, we also recently issued our annual report on *Management Challenges at the Department of Energy* (IG-0580), which details issues that we consider the most significant management and performance challenges facing the Department. Our report, published on December 31, 2002, includes an assessment of progress in addressing each of the challenge areas.

Our review was conducted to assist you in determining whether Departmental elements appropriately disclosed previously detected waste or other problems and whether the Fiscal Year (FY) 2002 evaluation of management controls was carried out in a reasonable and prudent manner. The appendix to this report details the scope and methodology used to conduct our audit.

RESULTS OF AUDIT

Based on our limited review, we determined that program elements generally conformed with requirements of the Department's management control program. However, our review identified several procedural problems regarding submission of assurance memoranda. As in previous years, a number of Headquarters and field assurance memoranda were not submitted on time. We also observed that the National Nuclear Security Administration's FY 2002 assurance memorandum did not include detailed action plans for identified reportable problems. The lack of timely reporting and corrective action plans could affect the Secretary's ability to report the status of the Department's management control program to the President and to Congress.



In making our assessment relating to these and other matters, we coordinated closely with the Office of Program Liaison and Financial Analysis.

Attachment

cc: Chief of Staff
Director, Policy and Internal Controls Management, NA-66

SCOPE AND METHODOLOGY

The Department's evaluation of its control systems was examined for compliance with the FMFIA, the General Accounting Office's "Standards for Internal Controls in the Federal Government," Office of Management and Budget Circulars A-123 and A-127, and Department of Energy Order 413.1A, "Management Control Program." The results of the Department's evaluations of control systems will be included in the Performance and Accountability Report that is due no later than January 31, 2003. This report provides critical financial and program performance information in a single report as authorized by the Reports Consolidation Act of 2000 and addresses a number of significant issues faced by the Department.

Our review was made in accordance with generally accepted Government auditing standards, which included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We assessed the Draft Performance and Accountability Report, as it relates to FMFIA, along with supporting documentation filed by selected Departmental organizations to determine whether the results of their evaluations were accurately reported. Also, we performed work to determine whether the Department established corrective actions for reportable problems identified during its FY 2002 FMFIA reporting process.



Department of Energy

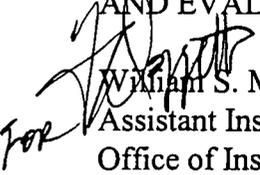
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DOB F 1325.8
(8-89)
EFG (07-90)

United States Government

Department of Energy

Memorandum

DATE: JAN 16 2003

REPLY TO: IG-34 (A03FF007)

SUBJECT: Final Report Package for "Federal Managers' Financial Integrity Act Audit Report"
Audit Report No.: OAS-L-03-05

TO: Frederick D. Doggett, Deputy Assistant Inspector General for Audit Services

Attached is the required final report package on the subject audit. The pertinent details are:

1. Actual Staff days: 69

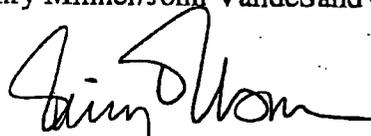
Actual Elapsed days: 106

2. Names of OIG and/or contractor audit staff:

Assistant Director:	George W. Collard
Team Leader:	Ronald N. Hancock
Auditor-in-Charge:	Richard L. Marvin
Audit Staff:	John T. Moynihan Sally J. Leiser

3. Coordination with Investigations and Inspections:

Investigations:	Brenda Froberg/John Hartman – November 20, 2002
Inspections:	Henry Minner/John VandeSand – January 9, 2003



Rickey R. Hass, Director
Science, Energy, Technology,
and Financial Audits
Office of Audit Services
Office of Inspector General

Attachments:

- 1. Final Report (3)**
- 2. Monetary Impact Report**
- 3. Audit Project Summary Report**
- 4. Audit Database Information Sheet**

Office of the Inspector General (OIG)
Audit Project Office Summary (APS)

Attachment 3

Report run on:

January 14, 2003 3:18 PM

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Audit#: A03FF007 Ofc: FFA Title: FMFIA FY 2002

**** Milestones ****

	Profile	Planned End of Survey	Revised	Actual	
Entrance Conference:	01-OCT-02	26-SEP-02	26-SEP-02	25-SEP-02	
Survey Completed:					
Field Work Complete:					
Draft Report Issued:					
Exit Conference:					
Completed with Report:	30-SEP-03		06-DEC-02	10-JAN-03	(R)
-----Elapsed Days	364		66	106	
-----Staff Days:	0	0		69	
Date Suspended:		Date Terminated:			
Date Reactivated:		Date Cancelled:			
DaysSuspended(Cur/Tot):	0 () Report Number:	OAS-L-03-05		
Rpt Title:	FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT AUDIT REPORT				

**** Audit Codes and Personnel ****

Aud Type:	Not Found			
Category: CR	Not Found	AD:	390	HANCOCK
DOE-Org:	Not Found	AIC:	630	MARVIN
Maj Iss: 103	PERFORMANCE MANAGEMEN	HDQ-Mon:	421	SCHULMAN
Site: MSA	MULTI-SITE AUDIT	ARM:	459	COLLARD

**** Task Information ****

Task No:		CO Tech. Rep:	
Task Order Dt:		Orig Auth Costs:	
Orig Auth Hrs:		Current Auth Cost:	
Current Auth:		Tot Actl Cost:	
Tot Actl IPR Hr:			

**** Time Charges ****

<u>Emp/Cont Name</u>	<u>Numdays</u>	<u>Last Date</u>
SMOAK, S	.4	11-JAN-03
MOYNIHAN, J	16.4	11-JAN-03
HANCOCK, R	21.8	11-JAN-03
MARVIN, R	30.8	11-JAN-03
Total:	69.4	

Audit Project Office Summary (APS)

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**** ATC Information ****

Atc Atc Rank Atcdesc

**** Facility/Location Information ****

Code FacilitydescLocation

**** Finding Information ****

<u>Find#</u>	<u>Title</u>	<u>Type</u>	<u>Amount</u>	<u>Yrs</u>	<u>Bud</u>	<u>Mgt</u>	<u>Dept</u>	<u>Dept</u>	<u>Dept</u>
					<u>Imp</u>	<u>Pos</u>	<u>Pos</u>	<u>Amount</u>	<u>Date</u>

Audit Objective

Audit Number: A03FF007

Objective Date: 12-NOV-02

Title: FMFIA FY 2002

Objective Text:

TO REVIEW AND EVALUATE THE DEPARTMENT'S FMFIA REPORTING PROCESS AND PROVIDE REASONABLE ASSURANCE THAT THE ELEMENTS REVIEWED HAVE ADEQUATE SYSTEMS OF MANAGEMENT CONTROL AND THAT THEIR ASSURANCE MEMORANDA REASONABLY REPRESENT THE RESULTS OF THESE AND OTHER APPLICABLE EVALUATIONS.

Audit Report Summary

Audit No: A03FF007

Rpt Summary Date: 14-JAN-03

Title: FMFIA FY 2002

Report Summary Text:

BASED ON OUR LIMITED REVIEW, WE DETERMINED THAT PROGRAM ELEMENTS GENERALLY CONFORMED WITH REQUIREMENTS OF THE DEPARTMENT'S MANAGEMENT CONTROL PROGRAM. HOWEVER, OUR REVIEW IDENTIFIED SEVERAL PROCEDURAL PROBLEMS REGARDING SUBMISSION OF ASSURANCE MEMORANDA. AS IN PREVIOUS YEARS, A NUMBER OF HEADQUARTERS AND FIELD ASSURANCE MEMORANDA WERE NOT SUBMITTED ON TIME. WE ALSO OBSERVED THAT THE NATIONAL NUCLEAR SECURITY ADMINISTRATION'S FY 2002 ASSURANCE MEMORANDUM DID NOT INCLUDE DETAILED ACTION PLANS FOR IDENTIFYING REPORTABLE PROBLEMS. THE LACK OF TIMELY REPORTING AND CORRECTIVE ACTION PLANS COULD AFFECT THE SECRETARY'S ABILITY TO REPORT THE STATUS OF THE DEPARTMENT'S MANAGEMENT CONTROL PROGRAM TO THE PRESIDENT AND TO CONGRESS.

Attachment 4

AUDIT DATABASE INFORMATION SHEET

1. Project No.: A03FF007
2. Title of Audit: Federal Managers' Financial Integrity Act Audit Report
3. Report No./Date: OAS-L-03-05/January 10, 2003
4. Management Challenge Area: No specific Area. Applies to all Management Challenges
5. Presidential Mgmt Initiative: No specific Initiative. Applies to all Presidential Management Initiatives
6. Secretary Priority/Initiative: No specific Priority/Initiative. Applies to all Secretary Priorities/Initiatives.
7. Program Code: CR
8. Location/Sites: No specific location/site. Applies to all Headquarters Offices and field sites.
9. Finding Summary:

No findings. This was a Letter Report.
10. Keywords:

Financial
FMFIA
control
Action Plan
Assurance Memo